
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 7.31.2009

Wall Street Journal: "Regulators Are Getting Tougher on Banks ... Federal regulators have escalated the number of wounded banks they have essentially put on probation, with some of the targeted banks complaining that the action is too harsh."

Wall Street Journal: "Bank Bonus Tab: \$33 Billion ... Nine banks that received government aid money paid out bonuses of nearly \$33 billion last year -- including more than \$1 million apiece to nearly 5,000 employees -- despite huge losses that plunged the U.S. into economic turmoil."

Wall Street Journal: "Small Banks Hold Key to Central Piece of Regulatory Revamp ... The fate of a central plank in President Barack Obama's financial-regulation overhaul -- an agency to regulate consumer financial products -- is increasingly in the hands of the nation's small-town bankers."

Wall Street Journal, Driscoll: "Signs of Life in the Housing Market ... The housing downturn was a classic bursting of an asset bubble. The suddenness of the collapse was frightening and, for a time, prices seemed to be in a free-fall, especially in over-heated areas in Arizona, California, Florida and Nevada. But the cure for falling prices in the aftermath of a speculative bubble is, paradoxically, to allow them to fall."

New York Times: "After Rescue, New Weakness Seen at A.I.G. ... The dozens of insurance companies that make up the American International Group show signs of considerable weakness even after their corporate parent got the biggest bailout in history, a review of state regulatory filings shows."

New York Times, David Brooks: "Wise Muddling Through ... It is a tale replete with error. In theory, Ben Bernanke, Henry Paulson and Tim Geithner were as well prepared as anyone for this sort of event. Bernanke had spent his life studying the Great Depression; Paulson had led the world's most prestigious investment bank; Geithner had been involved in financial rescues in Asia and beyond."

New York Times, Editorial: "It May Be Outrageous, but Wall Street Pay Didn't Cause This Crisis ... Bankers were not the only ones who concluded that the chances of a very bad outcome were exceedingly low. As year after year went by with nothing very bad happening, they saw no reason not to borrow more and more money to place what they deemed to be safe bets."

Washington Post, Pearlstein: "The Dust Hasn't Settled on Wall Street, but History's Already Repeating Itself ... Forget collateralized-debt obligations and credit default swaps -- the new new thing is high-frequency trading. In the last three years, this practice has boosted trading on the country's stock exchanges by more than 150 percent, to the point where it now accounts for two-thirds of the daily trading volume."

USA Today: "Banks edge up borrowing from Fed emergency program ... Banks nudged up borrowing from the Federal Reserve's emergency lending facility over the past week, but cut back on other programs designed to ease the financial crisis. The overall picture, though, still suggests some credit stresses are easing."

Los Angeles Times: "Bailed-out banks paid billions in bonuses last year, study shows ... The report from the New York attorney general heightens pressure to rein in Wall Street pay. The House votes today on a bill that would let shareholders vote on pay packages. Many doubt it would help."

Reuters: "Some U.S. bank pay "unmoored" from performance: Cuomo ... Bonuses paid to executives at nine banks that received U.S. government bailout money in 2008 were greater than net income at some of the banks, the office of New York Attorney General Andrew Cuomo said on Thursday."

Bloomberg: "Auto &Clunkers' Offer in Doubt After Going Through \$1 Billion ... The U.S. government's \$1 billion "cash for clunkers" program to spur new car sales ran through the money six days after it began, Senator Debbie Stabenow said."

Bloomberg: "U.S. Limits on Bank Pay, Bonuses Face Senate, Obama Skepticism ... Restrictions on financial industry bonuses heading to a vote in the U.S. House may be rejected by the Senate and the Obama administration, which are reluctant to increase government's role in deciding compensation."

The Hill: "Lenders search for alternatives to loan proposal ... As legislation that would dramatically remake the student loan industry speeds its way through Congress, private lenders are pushing alternatives to maintain a grip on some portion of the multibillion-dollar business."